Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10 ISO-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 OIC-02 /133 W ------ 018631

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EO 11652: NA

TAGS: GATT, EEC, ETRD

SUBJECT: DISC AND RELATED TAX PRACTICES

1. ECMIN HAS RECEIVED FOLLOWING LETTER FROM LUYTEN, EC COMMISSION GENEVA REP. BEGIN TEXT:

"PLEASE REFER TO YOUR LETTER OF 26 JUNE 1975 CONCERNING THE CHOICE OF FISCAL EXPERTS FOR THE GATT PANELS ON DISC AND RELATED TAX PRACTICES.

"AS YOU KNOW IT IS ALMOST TWO YEARS SINCE THE GATT COUNCIL TOOK THE DECISION TO ESTABLISH A PANEL TO EXAMINE THESE MATTERS. I THINK WE ARE ALL AGREED THAT THIS IS A MOST UNSATISFACTORY STATE OF AFFAIRS AND IF FURTHER PROLONGED WOULD TEND TO SHOW THAT IN CERTAIN CIRCUMSTANCES THE ESTABLISHED GATT PROCEDURES FOR EXAMINATION OF SPECIFIC TRADE DISPUTES SIMPLY DO NOT WORK. SO FAR AS THE COMMUNITY IS CONCERNED THIS IS PARTICULARLY SERIOUS SINCE OUR COMPLAINT RELATES TO RECENTLY INTRODUCED LEGISLATION-PASSED LIMITED OFFICIAL USE

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DESPITE PROTESTS ABOUT ITS CONSISTENCY WITH THE GATT-

AND IT IS DIFFICUT FOR US TO ACCEPT THAT OVER THREE YEARS LATER SUCH A QUESTION HAS NOT YET BEEN EXAMINED.

"IN THE LIGHT OF THESE POINTS WE FEEL IT IS
URGENTLY NECESSARY TO SETTLE NOW THE QUESTION OF THE
PANEL'S MEMBERSHIP WITH A VIEW TO COMMENCING WORK AS
EARLY AS POSSIBLE AFTER THE HOLIDAYS. I WOULD BE
GRATEFL IF YOU COULD CONVEY THE CONTENTS OF THIS
LETTER TO YOUR AUTHORITIES AND INDICATE THAT THE
COMMUNITY WOULD THEREFORE WELCOME A REPLY ON OUR MOST
RECENT PROPOSALS BEFORE THE END OF THIS MONTH. IF
IT SHOULD TURN OUT THAT THERE ARE CONTINUING DIFFICULTIES
WE CONSIDER THAT THE MATTER WILL HAVE TO BE TAKEN BACK
TO THE COUNCIL UNLESS AN EFFECTIVE MEANS OF ARBITRATION
CAN RAPIDLY BE FOUND". END TEXT

2. HOW SHALL WE REPLY? DALE

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Message Attributes

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Current Classification: UNCLASSIFIED

Concepts: TAX LAW, TEXT, CONSULTANTS, PLANNING MEETINGS, DIPLOMATIC COMMUNICATIONS

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